



3rd Quarter Earnings Conference Call

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“Safe Harbor” Statement



NOTE: This presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the duration and extent of the current economic downturn; materially adverse changes in economic conditions in the markets served by us or by companies in which we have substantial investments; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; our ability to satisfy regulatory merger conditions and obtain combined company revenue enhancements and cost savings; the ability of Verizon Wireless to achieve revenue enhancements and cost savings, and obtain sufficient spectrum resources; the outcome of litigation concerning the FCC NextWave spectrum auction; our ability to recover insurance proceeds relating to equipment losses and other adverse financial impacts resulting from the terrorist attacks on Sept. 11, 2001; and changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.

3rd Quarter 2002 Highlights



- **Earned adjusted \$0.77 EPS**
- **Net debt reduction of \$6.8B in quarter; \$11.5B YTD**
- **Revenue growth of 0.6% vs. 3Q'01**
- **Operating Income grew 5.5% vs. 3Q'01**
- **EBITDA margins increased 40 BPS to 43.2% vs. 3Q'01**
- **Key Growth Metrics**
 - **1.1M Wireless retail net adds**
 - **804K LD net adds**
 - **155K DSL net adds**

Solid Quarter / Strong Execution

3rd Quarter 2002 - Adjusted Financial Highlights



	<u>3rd Quarter</u>	<u>Change</u>
■ Adjusted EPS	\$0.77	2.7%
■ Revenues	\$17.1B	0.6%
■ Cash Expense	\$9.7B	(0.1%)
■ EBITDA	\$7.4B	1.4%
■ EBITDA Margins	43.2%	40 basis points increase
■ Operating Income	\$4.0B	5.5%
■ Wireless Revenues	\$5.0B	10.2%
■ Telecom Cash Expense	\$5.8B	(3.3%)
■ Free Cash Flow	\$2.4B	120% increase vs. 3Q'01
■ YTD Cash Flow Per Share	\$2.91	YTD Increase of \$2.68
■ Net Debt	\$51.8B	\$11.5B YTD Reduction
■ Commercial Paper	\$3.5B	\$9.3B YTD Reduction
■ CAPEX	\$2.6B	\$4.4B YTD Reduction

Dollars in Billions, except per share amounts

Earnings Reconciliation



Reported Earnings per Share	\$1.60
Gain on Sale of Access Lines	(.56)
Tax Benefits	(.36)
Gain on Sale of TCNZ Shares	(.08)
Pension Settlements & Other	.12
Cable & Wireless Loss	.03
Transition Costs	<u>.02</u>
Earnings per Share before Non-Recurring Items	\$.77

Significant Debt Reduction



Debt Level

■ Total Debt ■ Net Debt



Highlights:

Quarter

- Net Debt Reduced \$6.8B or 11.6%
- CP Reduced \$5.0B or 59%

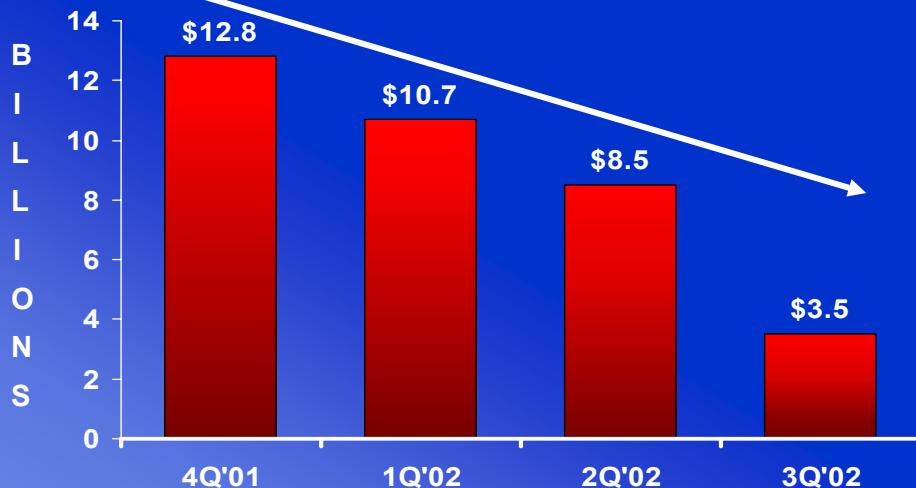
YTD

- Net Debt Reduced \$11.5B or 18%
- CP Reduced \$9.3B or 73%

Year End Targets:

- Net Debt \$55B - \$56B
- CP \$3.5B - \$4.5B

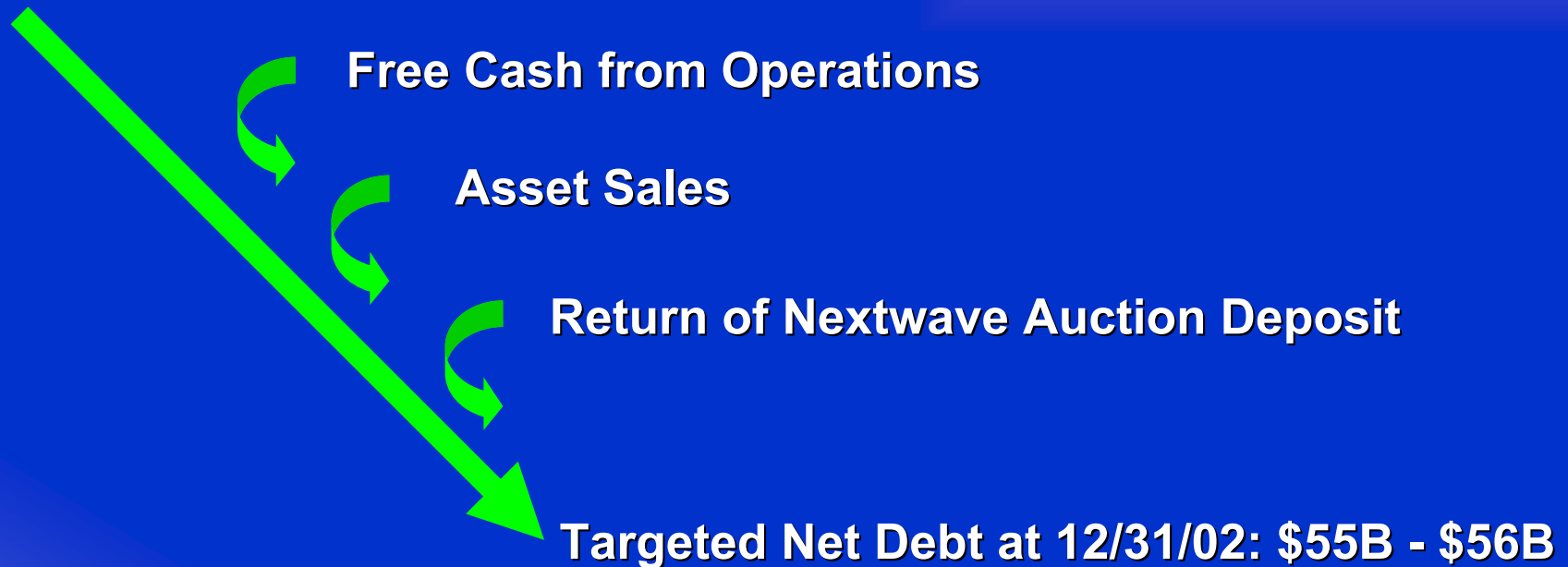
Commercial Paper



Sources of Debt Reduction



Net Debt at 12/31/01: \$63.3B



Disciplined Strategy

Free Cash Flow



Highlights:

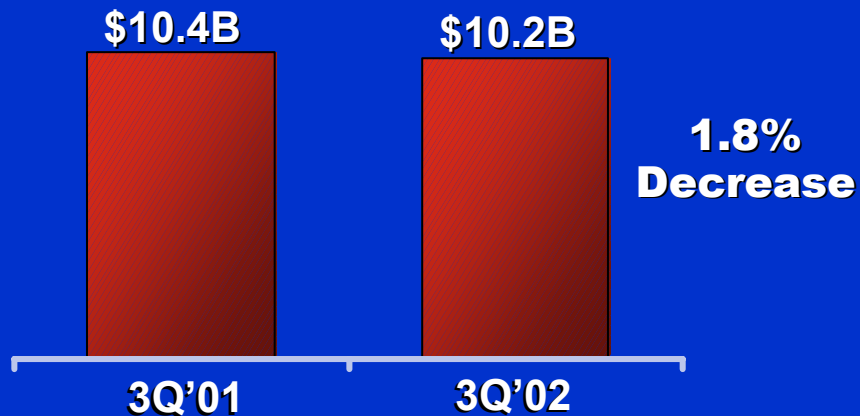
- CAPEX spending reductions
- Working Capital Improvements
- Tax Benefits
- Increases in Business Unit CFFO

Significant Improvement

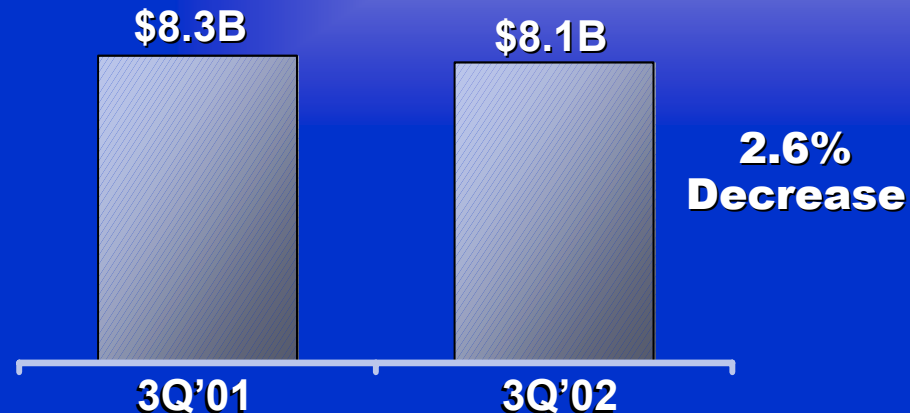
Telecom - 3rd Qtr. Highlights



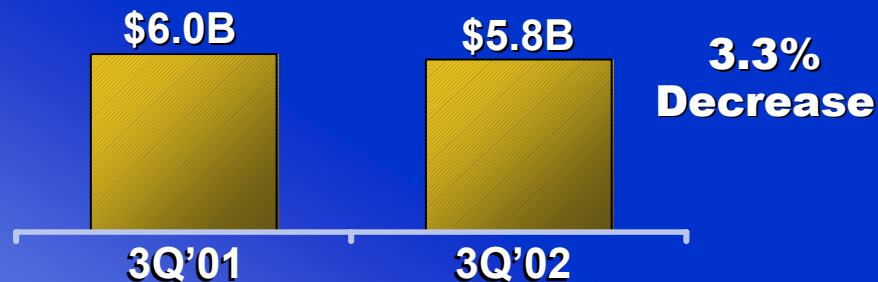
Revenues



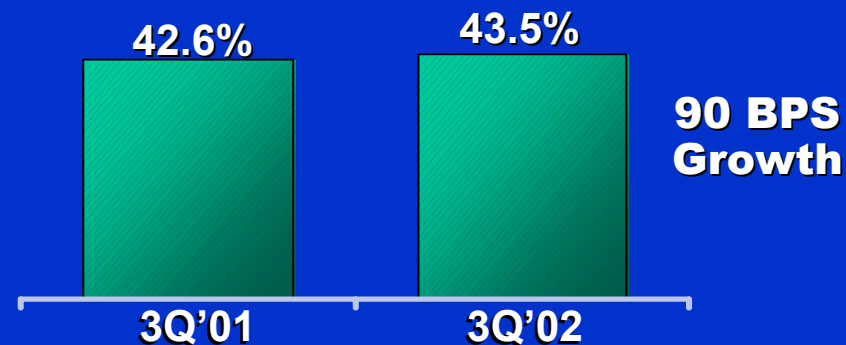
Expenses



Cash Expenses



EBITDA Margins



Expense management driving EBITDA growth

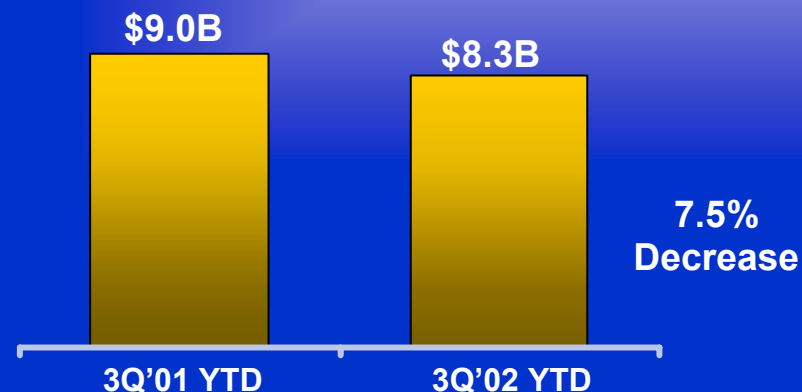
Telecom - Business Unit Revenues - 3Q YTD



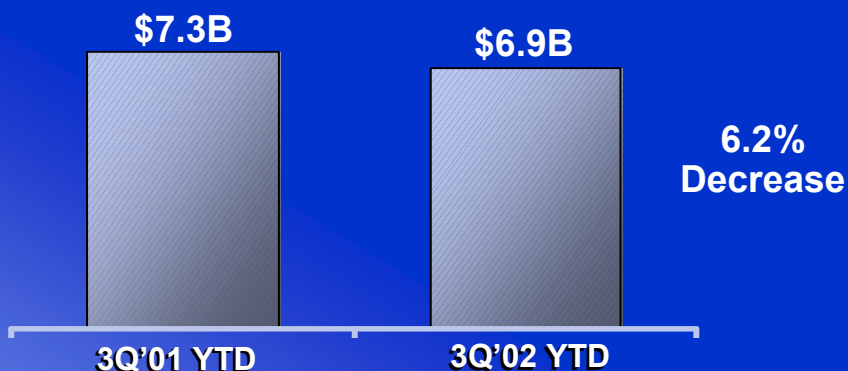
Consumer



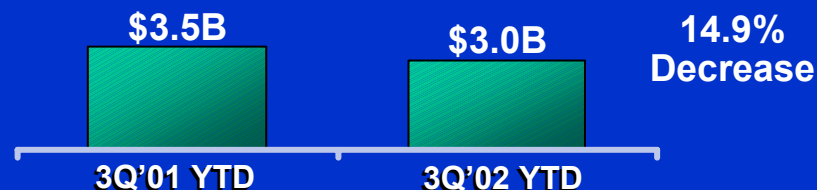
Business



Wholesale



All Other (Pub. Com, Live Source. Logistics)

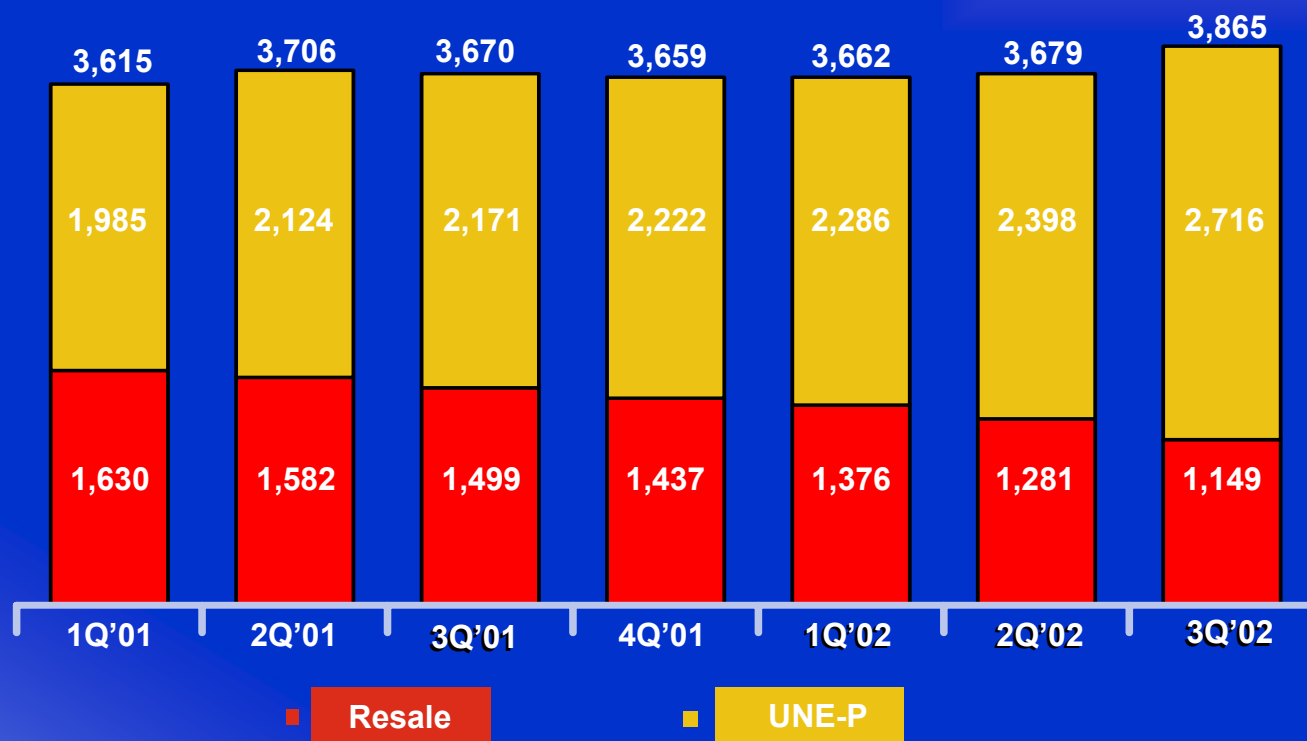


Focus on what we can control

UNE-P/Resale Competition



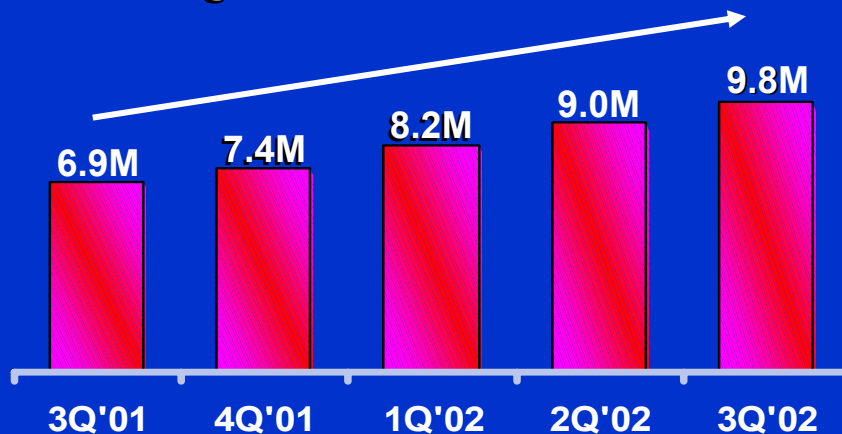
UNE-P & Resale Lines
(000's)



Telecom - Growth Metrics



Long Distance Subscribers



44% Growth 3Q'02 vs. 3Q'01

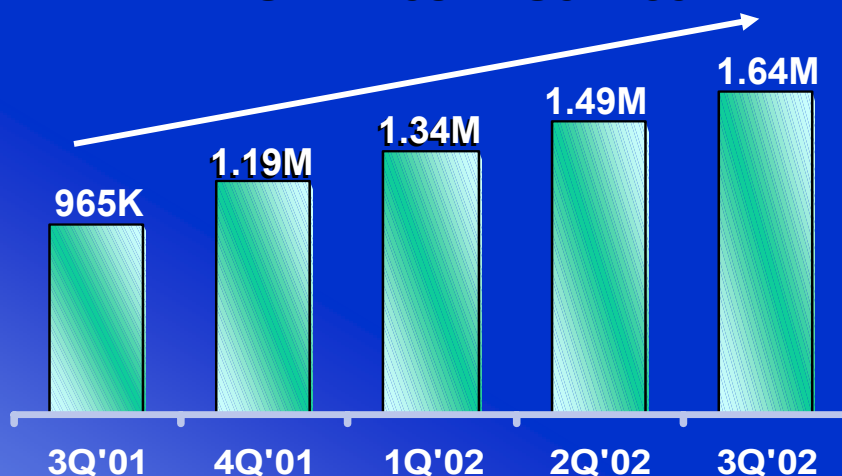
28% LD Revenue Growth Y/Y

LD - Billion dollar+ Business

Virginia Decision expected by 10/30

Maryland, West Virginia & DC
Filed with FCC by Year-end

DSL Lines in Service



70% Growth 3Q'02 vs. 3Q'01

Net adds of 155K

Lines adjusted by Qtr. for A/L sale impact

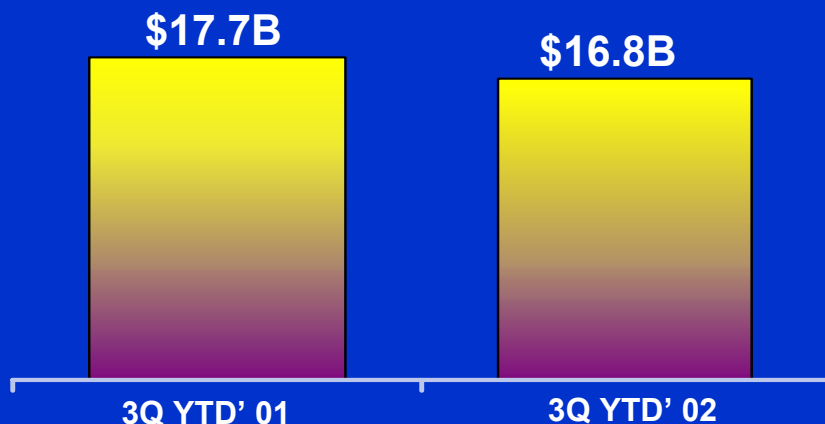
On track to hit year end target

Sustained Growth

Outstanding Cost Management



Telecom Cash Expense



Cash Expense

5.0% Decrease - YTD'02 vs. YTD'01

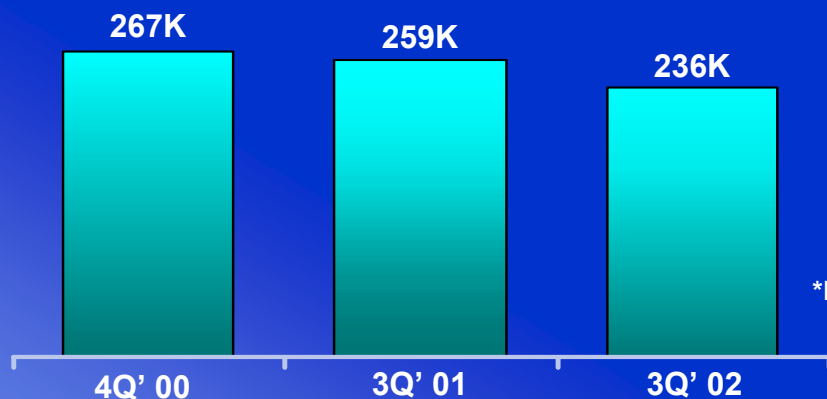
\$1.2B Annual Run Rate Decrease

Headcount

11.6% Decrease in F/T Headcount - Since 4Q'00

31,000 F/T Headcount Reduction - Since 4Q'00

VZ Full Time Headcount*



*Restated for Sale of Access Lines

Focus on Process & Productivity

Telecom Summary



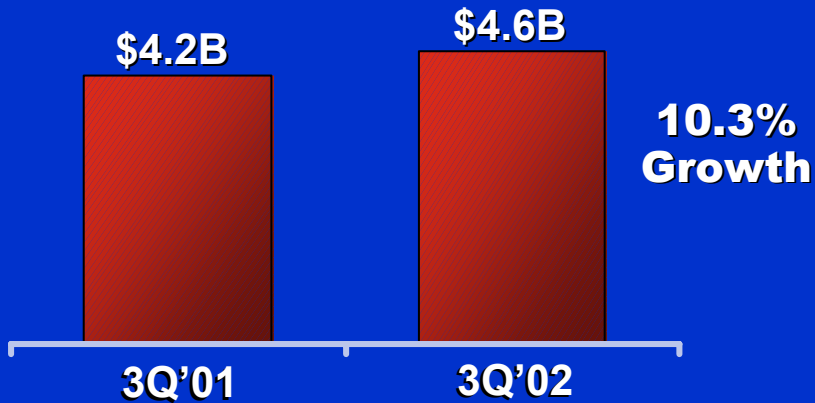
- **Competition**
 - Continued growth in Consumer
 - Variations off to a strong start
 - Emerging Enterprise opportunity
- **Cash Management**
 - Continued focus on productivity enhancements
 - Productivity initiatives drive EBITDA growth
- **Regulatory**
 - 271 progress continues
 - Focus on changing the UNE-P process
- **Efficient & success based Capital spending**

Responding to Industry Change

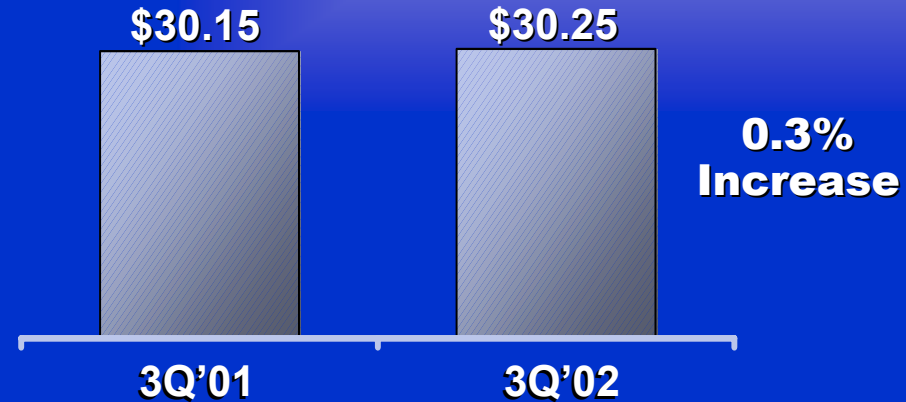
Wireless – 3rd Qtr. Highlights



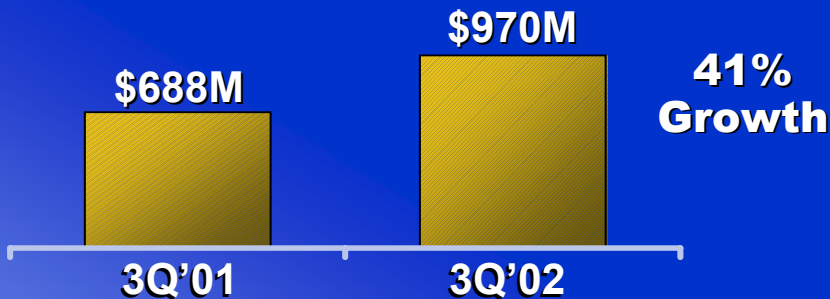
Service Revenues



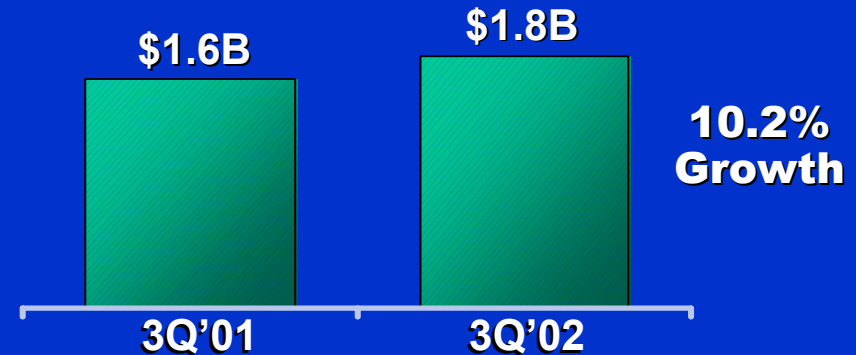
Cash Expense Per Subscriber



Operating Income



EBITDA

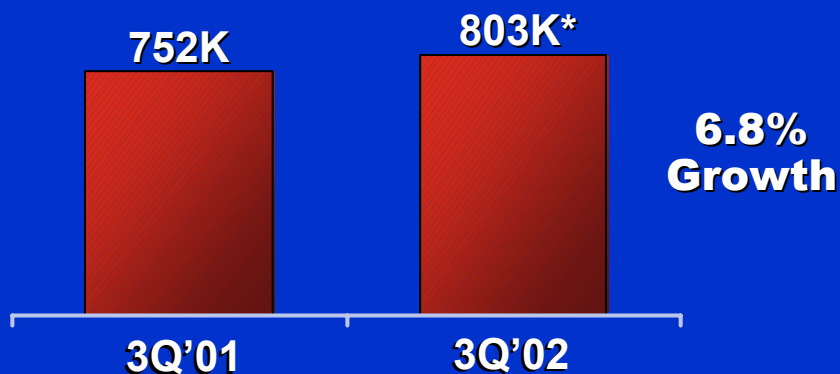


EBITDA Margin of 39%

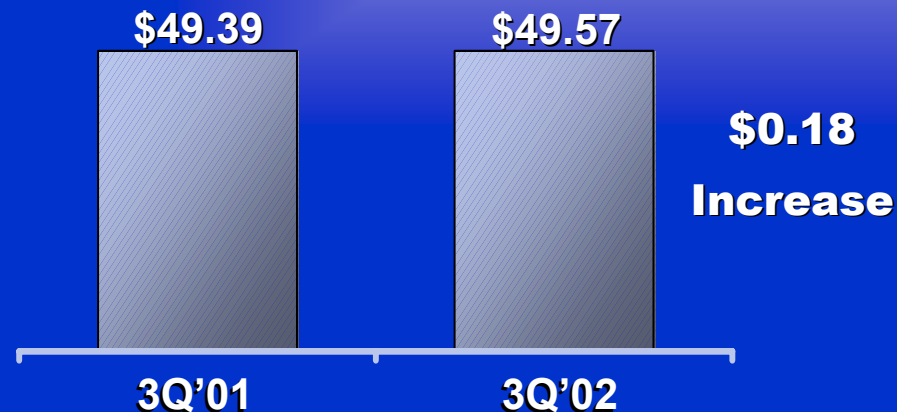
Wireless – 3rd Qtr. Highlights



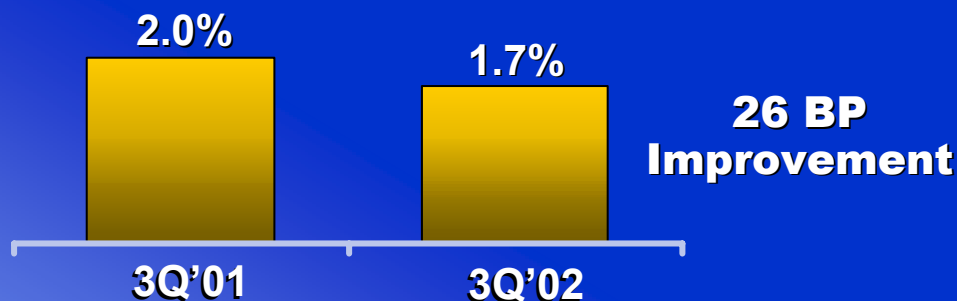
Net Adds



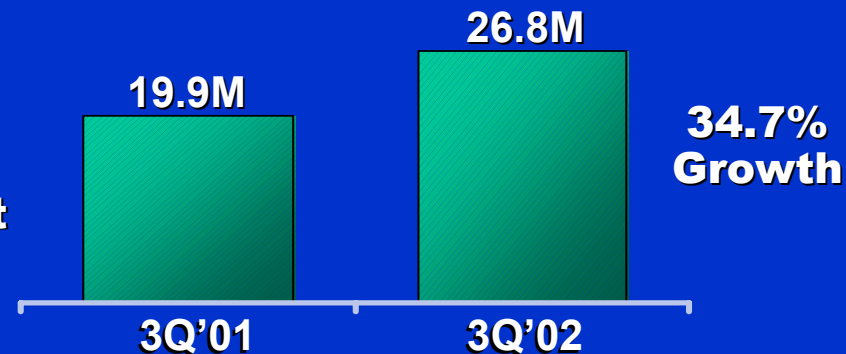
Service ARPU



Retail Post-Paid Churn



CDMA Digital Subscribers



* Does not include the Price acquisition of 411K

Strong Performance

Wireless Net Adds / Churn



<u>Net Adds</u> (000's)	<u>3Q'02</u>	<u>3Q'01</u>	
Retail	1,131	746	
Reseller	<u>(20)</u>	<u>16</u>	
Subtotal	1,111	762	46% Increase
WCOM reseller	<u>(308)</u>	<u>(10)</u>	
Net Adds	803	752	
Price acquisition	<u>411</u>	=	
Total	1,214	752	

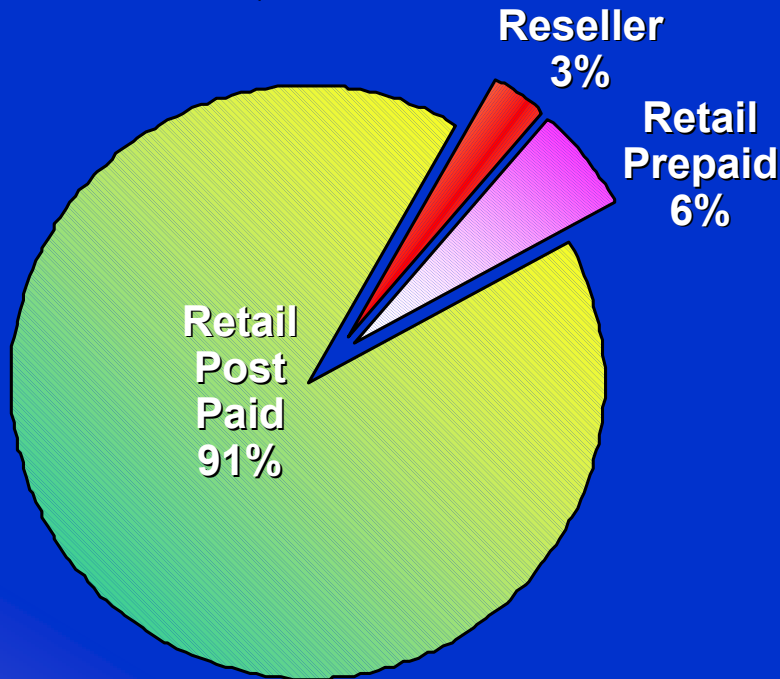
<u>Churn</u>	<u>3Q'02</u>	<u>3Q'01</u>
Total	2.3%	2.2%
Retail	2.0%	2.2%
Retail Post-paid	1.7%	2.0%

Gaining Market Share

Customer Profile



3Q'02



31.5M Customers

Base:

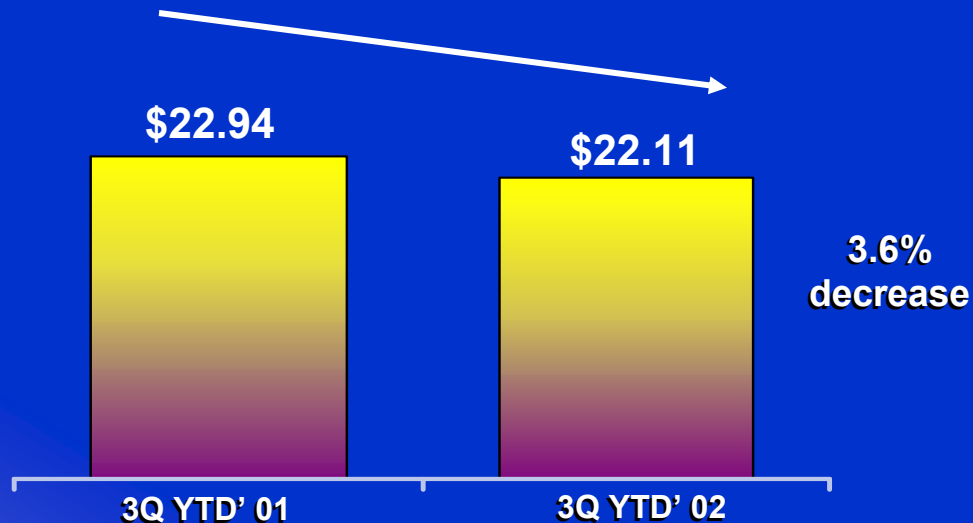
- Largest number of digital customers - 26.8M
- Primarily contract, retail, digital
- Retention / Loyalty
- 1X Rollout
- Text Messaging - 257M Billed messages in 3Q - 40% sequential growth

Quality Customer Base

Wireless – Operating Efficiency



Cash Operating Cost Per User



Focus Areas

- Systems Consolidation
- Customer Service Automation
- Staffing Efficiencies
- Network Technology

Leveraging Scale and Scope

Wireless Summary

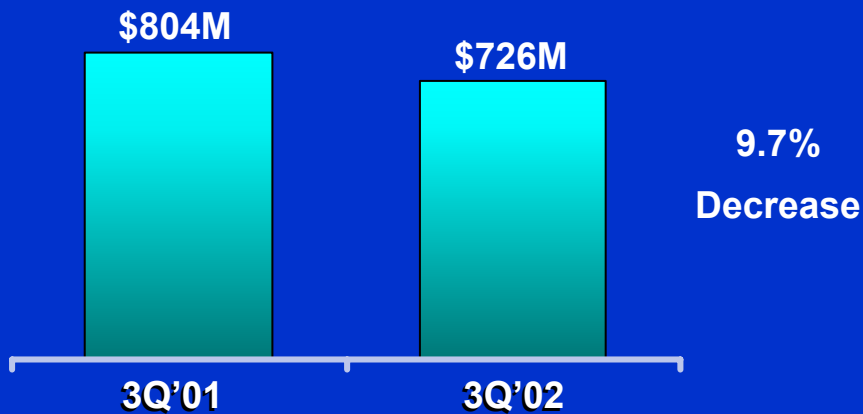


- **Quality subscriber base**
- **Industry leading performance**
- **1X rollout progressing**
- **Data Products delivered over quality network**

Innovation & Quality Driving Market Leadership

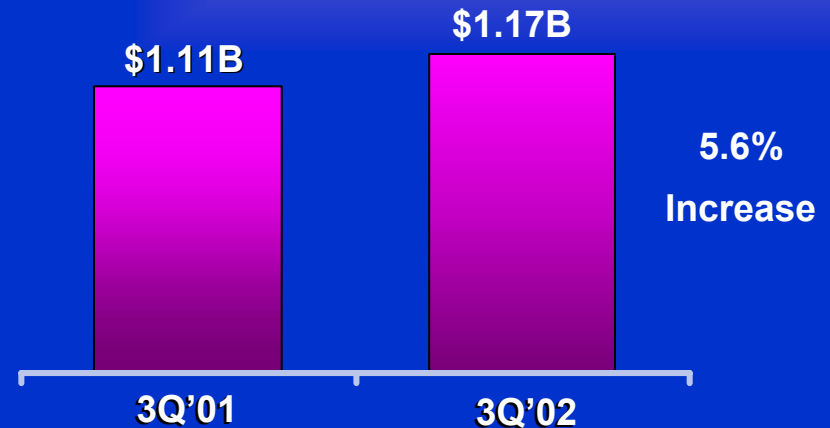
International/Information Services **verizon**

International Revenue



■ Revenue performance primarily driven by Codetel, PRTC & Iusacell - weak economy impacts results

Information Services Revenue



■ Print Directory & E-Commerce performing favorably

Challenging Environment

Third Quarter Summary



- **Operational efficiencies & service quality**
- **New product launch**
- **Strong cost management**
- **Free cash flow generation**
- **Debt reduction strategy on track**

Solid Execution in Challenging Environment

2002 Outlook



Revenue Growth

(1)% - 0

EPS

\$3.05 - \$3.09

Capital Expenditures

\$12.3 - \$12.7B

Net Debt

\$55 - \$56B

Focused On Our Business Model



- **Sources of New Revenue Growth**
- **Generation of Free Cash Flow**
- **Debt Reduction Strategy**
- **Improved Capital Returns**
- **Sustainable Cost / Productivity Gains**
- **Outstanding Management Depth**

Creating Shareholder Value